GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3763
ANSWERED ON:21.08.2003
CLAIMING OF TAX IN BILL
RAMESH CHENNITHALA

Will the Minister of POWER be pleased to state:

(a) whether NTPC is still claiming income tax in their bills for energy chargesalthough income tax holiday is available for the first 10 years operation of the generating station;

(b) if so, the reasons therefor;

(c) whether the Government of Kerala has taken up the matter in this regard; and

(d) if so, the reaction thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The tariff for National Thermal Power Corporation (NTPC) stations isdetermined by Central Electricity Regulatory Commission (CERC).Under the existing dispensation 16 per cent post tax return on equity is allowed with actual tax liability being borne by the consumers.

Prior to 31.03.2001, the incidence of tax liability after taking into account rebate, tax holiday etc. under the Income Tax Act was being computed for entire company and was being allocated to the respective power stations in proportion to the operating capacity. Subsequently, CERC vide its notification during 2001 have issuedtariff norms to be applicable for tariff period from April, 2001 to March, 2004 and as per these norms, income tax liability shall be computed station wise after allowing benefits etc., as per provisions of Income Tax Act to the respective stations. However, CERCvide its subsequent orders have extended upto 30.09.2003 the pattern of billing charges prior to 31.03.2001 subject to retrospective adjustment on the determination of tariff by CERC with effect from 1.04.2001. NTPC has been billing Income Tax etc., accordingly as per the directions of CERC.

(c) & (d) : Yes, Sir. Government of Kerala have raised the issue of payment ofincome tax. However, the Government of Kerala was clarified by NTPC that the tariff for Kayamkulam station is being charged on provisional basis in accordance with the orders of CERC.